



FOR IMMEDIATE RELEASE

March 6, 2007

NEWS RELEASE

CITY SAVES \$93 MILLION IN BALLPARK BOND REFINANCING

Mayor's proposal produces \$3.7 million annual debt service savings

At the recommendation of Mayor Jerry Sanders, the City has officially executed a refinancing agreement with Bank of America N.A. to refinance its downtown ballpark bonds. The \$156.6 million fixed-rate lease revenue refunding bond issuance will save the City \$93 million during the term of the new bonds. The new plan is part of the Mayor's call for a more aggressive approach to reduce costs and improve financial management practices.

The new bond issuance will retire the original debt incurred during the construction of the ballpark and will save the City approximately \$3.7 million in each year of the new 25-year bond financing schedule.

This private refinancing plan takes advantage of growing confidence in the City's financial standing and includes a unique "revaluation" option that could save the City even more money once it can return to the public finance marketplace. Mayor Sanders brought the refinancing proposal to the City Council in January of this year. The Council adopted the Financing Ordinance authorizing and approving the issuance of the bonds on January 30, 2007.

Yesterday, following completion of a 30-day validation period, the bonds were priced at a true interest cost of 4.8 percent based on today's MMD Index. The annual debt service on the refunding bonds is \$11.3 million for Fiscal Year 2008 through Fiscal Year 2032. This translates into gross and net present value savings of \$93 million and \$51.6 million, respectively, when compared to the original debt service on the original ballpark bonds.

"This is the kind of thoughtfully aggressive approach we need for every one of our financial obligations at the City," said Mayor Sanders. "This bond refinancing will save the City more than 25 percent of the original financing costs of the ballpark and will help to rebuild our financial capabilities for the future."

When the City issued the original bonds it was facing significant litigation regarding the ballpark project. That litigation caused uncertainty about the tax-exempt status of the original bonds forcing interest rates much higher than other comparable tax-exempt lease revenue bonds at the time.

“The City paid a steep penalty for those original bonds,” said Mayor Sanders. “From the outset of my administration I have directed our financial management team to do everything they could to get us a better deal. Now we have done just that. By creatively pursuing our private financing options with regard to the ballpark bonds, the City has removed a huge financial burden and over the long haul will have freed up a significant amount of funds that will be able to be allocated to other important projects.”

With the successful pricing of the bonds completed, the remaining event required to complete the execution of the financing transaction is the closing of the bond issuance, which is currently scheduled for March 12, 2007.

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**CITY OF SAN DIEGO
M E M O R A N D U M**

DATE: March 5, 2007

TO: Council President and City Council

FROM: Jay M. Goldstone, Chief Financial Officer

SUBJECT: Public Facilities Financing Authority of the City of San Diego Lease Revenue Refunding Bonds, Series 2007A (Ballpark Refunding)

On January 30, 2007, the City Council adopted the Financing Ordinance authorizing the issuance of lease revenue refunding bonds in an amount not to exceed \$172 million to refund the previously issued \$169,685,000 Public Facilities Financing Authority of the City of San Diego Lease Revenue Bonds, Series 2002 (Ballpark Project) (the "Original Ballpark Bonds"). Under the approved financing structure, the bonds were to be privately placed with Bank of America N.A., a subsidiary of Bank of America Corporation. Also, in accordance with the Purchase Agreement authorized by the City Council, the refunding bonds were to be priced based on the Municipal Market Data AAA Index (the "MMD Index," which is a national index of AAA rated municipal bonds) plus .55% (55 basis points).

Today, following completion of a 30 day validation period with respect to the Financing Ordinance, the Purchase Agreement among the City, the Public Facilities Financing Authority, and Bank of America N.A. was executed. The par value of the tax-exempt Public Facilities Financing Authority of the City of San Diego Lease Revenue Refunding Bonds, Series 2007A totals \$156,560,000. The bonds were priced at a true interest cost ("TIC") of 4.8% based on today's MMD Index. The staff report issued in connection with the Financing Ordinance reflected a TIC of 4.8% and was based on rates as of December 12, 2006. Since mid-December, general municipal bond rates have fluctuated, rising in January but then falling over the past month to a level which reflects the historical low point for the past 30 years.

The annual debt service on the refunding bonds is \$11.3 million for Fiscal Year 2008 through Fiscal Year 2032. This translates into savings of approximately \$3.7 million per year beginning in Fiscal Year 2008, and gross and net present value savings of \$93.0 million and \$51.6 million, respectively, as compared to the debt service on the Original Ballpark Bonds. The bonds are structured as serial and term bonds with a scheduled final maturity date of 2032 (a 25 year term), which is consistent with the final maturity date of the Original Ballpark Bonds. (See Attachment 1 and Attachment 2 for debt service detail.)

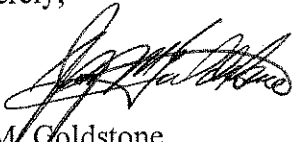
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With the successful pricing completed, the remaining event required to complete the execution of this financing transaction is the closing of the bond issuance, which is currently scheduled for March 12, 2007. Once the issuance is closed and bond counsel for the transaction has prepared the Closing Transcript for the issuance, a CD-ROM of the transcript will be distributed to each Council Office, the City Clerk, and the Office of the Independent Budget Analyst.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay M. Goldstone", written over a horizontal line.

Jay M. Goldstone
Chief Financial Officer

Attachments

cc: Jerry Sanders, Mayor
Michael Aguirre, City Attorney
Andrea Tevlin, Independent Budget Analyst
Elizabeth Maland, City Clerk